



# Department of Justice

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## **AGENT OF TAX LIEN BUSINESS AGREES TO PLEAD GUILTY TO RIGGING BIDS AT MARYLAND TAX LIEN AUCTIONS**

WASHINGTON — A Maryland tax lien agent has agreed to plead guilty and pay a \$750,000 criminal fine for conspiring to rig bids at tax lien auctions in several Maryland counties, the Department of Justice announced today. Under the plea agreement, which is subject to court approval, Steven L. Berman also will serve a period of incarceration, if so ordered by the court, and cooperate with the Department's ongoing investigation. Berman was an agent for various Cockeysville, Md. limited liability corporations.

According to the one-count felony charge filed today in the U.S. District Court in Baltimore, Berman participated in a conspiracy to rig bids submitted to a municipality and counties in the state of Maryland for tax liens. The charges state that from at least Spring 2004 through August 2007, Berman participated in a conspiracy to rig bids at multiple auctions in Maryland for the sale of tax liens. The conspirators discussed and agreed among themselves which of them would bid on specific tax liens or groups of tax liens, and agreed upon specific bid prices in order to improve their financial return on the tax liens obtained during the auctions.

"The Division is committed to ensuring that all aspects of real estate transactions, including tax lien auctions, remain competitive and free from collusion," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "We will continue to apprehend and bring to justice those who rig bids, thereby denying Americans of a competitive bidding process."

When owners of real property in Maryland fail to pay property taxes, the county or city in which the property is located may attach a lien. If, after a waiting period, the taxes remain unpaid, the lien is sold at auction. The winner of the auction has the right to collect the amount of the lien from the delinquent taxpayer, along with interest at a rate set by statute, and eventually to foreclose on the property if the lien remains unpaid. Counties and municipalities in Maryland typically hold tax lien auctions annually. Tax lien auctions allegedly affected by the conspiracy include, during certain years, those in Baltimore City as well as those in the following counties-Anne Arundel, Baltimore, Howard, Montgomery, and Prince George's.

Berman is charged with carrying out the bid-rigging conspiracy with co-conspirators by:

- Attending meetings and engaging in discussions regarding bids for tax liens being auctioned by a municipality and counties within the District of Maryland;

- Agreeing during those meetings and discussions not to compete at certain tax lien auctions by determining which tax liens, properties, or groups of properties each group would bid or refrain from bidding on, and by fixing prices that would be bid;
- Discussing and exchanging prices for certain tax lien auctions so as not to undercut one another's prices;
- Submitting bids in accordance with the agreements reached; and
- Purchasing tax liens pursuant to those agreements at collusive and non-competitive prices.

Berman is charged with one count of bid rigging in violation of the Sherman Act, a violation of which carries a maximum sentence of 10 years of imprisonment and a fine of \$1 million for individuals. Under the statute, the maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

The ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section and the Federal Bureau of Investigation. Anyone with information concerning bid rigging or other anti-competitive conduct regarding tax lien auctions is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-305-1878, or the Baltimore Office of the FBI at 410-265-8080.

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